

IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UNITED STATES COURTS
SOUTHERN DISTRICT OF TEXAS
FILED

DEC 26 2001

Michael N. Milby, Clerk

MARK NEWBY,

Plaintiff,

v.

ENRON CORPORATION, ANDREW S.
FASTOW, KENNETH L. LAY, and
JEFFREY K. SKILLING,

Defendants.

C.A. No. H-01-3624

JURY TRIAL DEMANDED

HENRY H. STEINER, Individually and
on Behalf of All Others Similarly Situated,

Plaintiff,

v.

ENRON CORP., KENNETH L. LAY,
JEFFREY K. SKILLING, ANDREW S.
FASTOW, and ARTHUR ANDERSEN
LLP,

Defendants.

C.A. No. H-01-3717

JURY TRIAL DEMANDED

FILED
2001 DEC 26 PM 5:38
U.S. COURT'S
SOUTHERN DISTRICT
OF TEXAS

**PLAINTIFF HENRY H. STEINER'S RESPONSE, ON BEHALF OF
THE PROPOSED PREFERRED PURCHASER LEAD PLAINTIFFS, TO
DEFENDANTS' VARIOUS MOTIONS TO EXTEND OR STAY DATE BY
WHICH TO ANSWER OR OTHERWISE RESPOND TO THE COMPLAINTS**

Plaintiff Henry H. Steiner has filed an action on behalf of purchasers of only Enron preferred stock, and has filed a lead plaintiff motion with respect thereto and an Objection to Consolidation. Mr. Steiner submits this memorandum in response to defendants' various motions to extend or stay the date by which defendants must answer or otherwise respond to the complaints.

We believe that the defendants unnecessarily have complicated matters by filing

94

these motions. As a threshold and dispositive matter, these motions are unnecessary in order to temporarily, and we respectfully emphasize temporarily, postpone defendants' obligation to answer or otherwise move.

Without having analyzed every nuance of every complaint filed against Enron here, it appears that every complaint which contains a claim against Enron under Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), and it appears that all the Enron suits contain such a claim, is subject to the requirements of the Private Securities Litigation Reform Act of 1995 ("PSLRA"; Section 21D of the Exchange Act). The PSLRA explicitly requires that the Court decide the following issues in the following order:

(1) the Court must first address issues concerning consolidation of the various PSLRA related cases, Sec. 21D(a)(3)(B)(ii);

(2) after deciding the consolidation issues, the Court must decide the lead plaintiff and lead counsel motions to appoint lead plaintiffs and lead counsels for any class(es) and subclasses. Under the PSLRA, the lead plaintiff(s)/counsel(s) motions should be considered by the Court no later than approximately 30 days from December 21, 2001, or approximately January 21, 2002. PSLRA, Sec. 21D(a)(3)(B)(i);

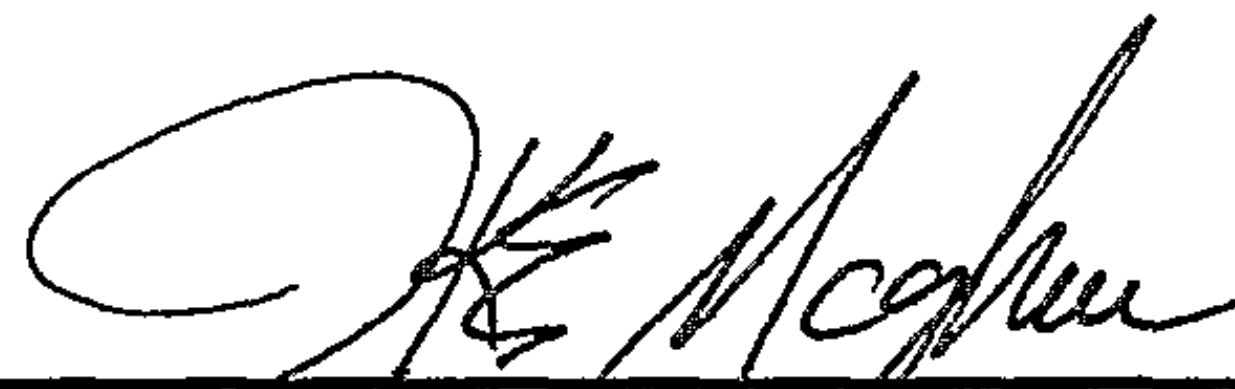
(3) After the Court's decisions on the lead plaintiff/lead counsel applications, it is customary for the Court to provide the newly appointed lead plaintiff(s) and counsel(s) approximately 30 or 45 days to file, if they desire, consolidated and/or amended complaint(s) for each class and subclass;

(4) It is absolutely clear that only after the consolidation issues and lead plaintiff(s)/lead counsel(s) motions have been decided by the court (and any further amended complaints have been filed) do the defendants then have the opportunity to file a motion to dismiss. The opposition to the dismissal motions is the responsibility of the Lead Counsel(s) representing the Lead Plaintiff(s), for the various subclasses, who previously have been appointed by the Court. Otherwise, a defendant might receive, and have to respond to, 30 or more separate oppositions to its dismissal motion. Usually such a dismissal motion and memorandum of law are due approximately 30 or 45 days after the last complaint(s) are filed.

Even if point (3) above, and to a lesser extent point (4), are not explicitly addressed in the statute, we believe that the practice stated above is crystal clear, and is followed in virtually every PSLRA case. Thus, there is no doubt that the statute, routine practice, and common sense, dictate that the dismissal motions be deferred until after the consolidation and lead plaintiff/counsel issues are decided, and any further amended complaints are filed.

While we oppose a "stay" of answers or motions to dismiss, particularly of indeterminate length, we do not oppose a temporary postponement of all answers and/or motions, if imposed by this Court upon all parties, along the lines outlined in points (1) through (4) above. We parenthetically note that while oral argument on the objections to consolidation and lead plaintiff applications may well be necessary in the very near future, we submit that a pre-trial conference to address scheduling issues is not necessary until, at the earliest, after the consolidation and lead plaintiff/counsel issues have been decided by this Court (thus, narrowing the number of participants). Further, if a scheduling order is entered by this Court along the lines articulated above, then no scheduling conference may be necessary unless expressly requested by the appointed plaintiffs' lead counsels and/or defense counsels.

Dated: December 26, 2001



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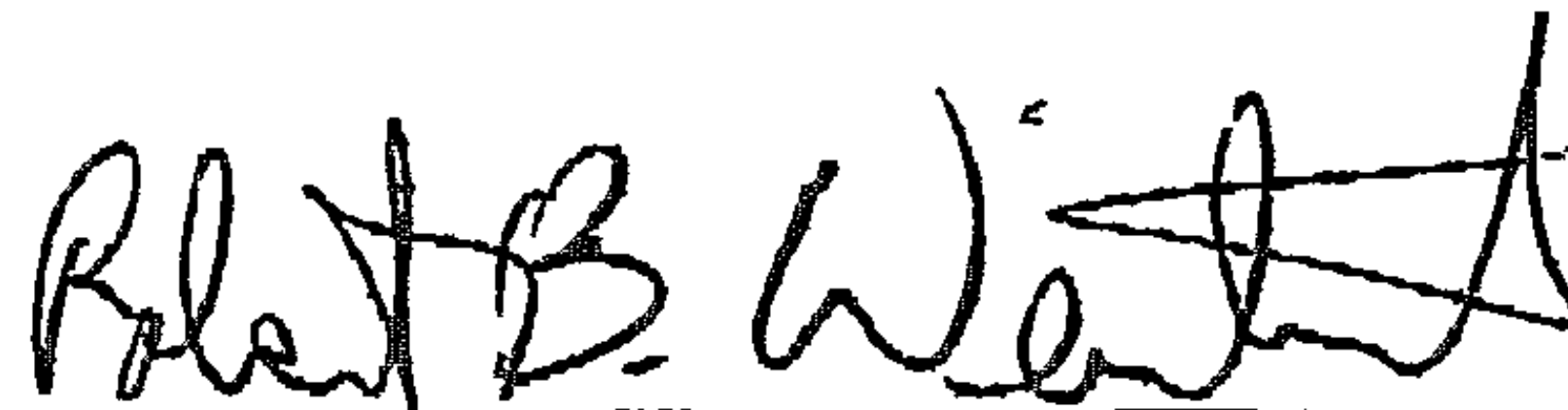
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Certificate of Service

I, Robert B. Weintraub, hereby certify under the penalty of perjury that I caused to be served Plaintiff Henry H. Steiner's Response, on Behalf of The Proposed Preferred Purchaser Lead Plaintiffs, to Defendants' Various Motions to Extend or Stay Date by Which to Answer or Otherwise Respond to the Complaints, by first class mail, postage pre-paid upon the following law firms listed below.



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